

# CALIFORNIA FRANCHISE TAX BOARD

Legal Ruling No. 341

March 16, 1970

## MOVING EXPENSES AND REIMBURSEMENTS

### Syllabus:

Moving expenses incurred either in coming into or leaving California for purposes of undertaking permanent employment are not deductible from income. Reimbursements by the employer of such expenses incurred in coming into this state are includible in gross income to the extent that they are not for direct moving expenses in connection with a transfer in the interest of the employer.

Moving expenses are personal, living, or family expenses, Rev. Rul. 55-140, 1955-1 Cum.Bull. 317, and thus are deductible only as expressly provided by law. Revenue and Taxation Code Section 17282. The only provision in the California Revenue and Taxation Code which expressly allows a deduction for moving expenses is Section 17266. However, the allowance of the deduction under this section is limited to those instances in which both the employee's old and new residences are located within this state. Accordingly, moving expenses incurred in coming into or leaving this state in connection with employment are not deductible.

If an employee is transferred from one location to another in the interest of his employer, the employer's reimbursement of direct moving costs is not includible in gross income. Rev. Rul. 54-429, 1954-2 Cum.Bull. 53. However, any excess of the reimbursement over the actual direct moving costs is includible in gross income. Rev. Rul. 54-429, supra, Rev. Rul. 65-158, 1965-1 Cum.Bull. 34. Further, if the move is to commence employment with a new employer, any reimbursement is includible in gross income. Rev. Rul. 55-140, supra; H.R. Eckles, 27 T.C.M. 1548 (1968). Therefore, any reimbursement of moving expenses incurred in coming into this state for employment purposes is includible in gross income except to the extent that it is for the direct moving costs of a transfer in the interest of the employer.